



Deputy Directors
FRANCIS PAUL KEENO
BARRY FUKUNAGA
BRENNON T. MORIOKA
BRIAN H. SEKIGUCHI

IN REPLY REFER TO:

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

OAHU

ISSUANCE OF DIRECT LEASE AND CONSTRUCTION RIGHT-OF-ENTRY,
APPLICANT: THE GAS COMPANY, LLC
VICINITY OF PIER 38 AND DOMESTIC COMMERCIAL FISHING VILLAGE,
HONOLULU HARBOR AREA, KAPALAMA AND IWILEI, HONOLULU, OAHU

REQUEST:

Issuance of direct lease to The Gas Company, LLC, for the development, construction, reconstruction, operation, use, maintenance and repair of liquefied petroleum and synthetic natural gas storage and distribution facilities at Honolulu Harbor

LEGAL REFERENCE:

Sections 171-11, 35, 36 and 95, and Subsection 171-59(b), Hawaii Revised Statutes

APPLICANT:

The Gas Company, LLC, a Hawaii limited liability company authorized to do business in the State of Hawaii

LOCATION AND TAX MAP KEY:

In vicinity of Pier 38 and Domestic Commercial Fishing Village, Honolulu Harbor, Kapalama and Iwilei, Honolulu, Island of Oahu, identified by and designated as portions of Tax Map Plat: 1st Division, 1-5-34 and shown and delineated on the attached map labeled Exhibit A.

AREA:

1. Lot A contains a fast land area of 34,185 square feet, more or less;
2. Non-Exclusive Easement G-1 (for gas pipeline purposes) contains an easement area of 2,657 square feet, more or less; and,
3. Non-Exclusive Easement G-2 (for gas pipeline purposes) contains an easement area of 923 square feet, more or less.

ZONING:

State Land Use District: Urban
City and County of Honolulu: Waterfront Industrial (I-3)

LAND TITLE STATUS:

Section 5(a) “non-ceded” land of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES ☐ NO ☒

CURRENT USE STATUS:

Subject public land presently encumbered by:

- Governor’s Executive Order No. 1346, setting aside portions of Honolulu Harbor fast land areas to the control and management of the Department of Transportation, Harbors Division, for commercial maritime and maritime-related purposes.
- Revocable Permit No. H-04-2465 issued to the Applicant demising a land area of approximately 13,212 square feet, together with gas pipeline easement areas of approximately 700 square feet.

CHARACTER OF USE:

1. The right to store and distribute liquefied petroleum and synthetic natural gas products at, in, on or from the Premises; and,
2. The right to conduct, after obtaining LESSOR’s prior written approval, any other operation or activity, which is reasonably necessary or incidental to the conduct of

LESSEE's liquefied petroleum and synthetic natural gas storage and distribution operations.

TERM OF LEASE:

Thirty-five (35) years

LEASE COMMENCEMENT DATE:

To be determined by the Director of Transportation at a later date

ANNUAL GROUND LEASE RENTAL:

Annual Rental for First Five (5)-Year Period (Years 1 through 5): To be determined by an independent real property appraiser who is licensed by the State of Hawaii as a "Certified General Appraiser" whose services shall be: (a) contracted for by the Department of Transportation, Harbors Division; and (b) paid by the Applicant

Annual Rental for Second Five (5)-Year Period (Years 6 through 10): During each of the sixth (6th) through and including the tenth (10th) years of the Lease term, beginning upon the first day of the sixth (6th) year of the Lease term, LESSEE shall pay to LESSOR, for its occupancy and use of the Premises, an annual rental equal to the sum of the product of the annual rental for the fifth (5th) year of the Lease term and 115%.

Annual Rental for Third Five (5)-Year Period (Years 11 through 15): To be determined by an independent real property appraiser who is licensed by the State of Hawaii as a "Certified General Appraiser" whose services shall be contracted for and paid by the Department of Transportation, Harbors Division

Annual Rental for Fourth Five (5)-Year Period (Years 16 through 20): During each of the sixteenth (16th) through and including the twentieth (20th) years of the Lease term, beginning upon the first day of the sixteenth (16th) year of the Lease term, LESSEE shall pay to LESSOR, for its occupancy and use of the Premises, an annual rental equal to the sum of the product of the annual rental for the fifteenth (15th) year of the Lease term and 115%.

Annual Rental for Fifth Five (5)-Year Period (Years 21 through 25): To be determined by an independent real property appraiser who is licensed by the State of Hawaii as a "Certified General Appraiser" whose services shall be contracted for and paid by the Department of Transportation, Harbors Division.

Annual Rental for Sixth Five (5)-Year Period (Years 26 through 30): During each of the 26th through and including the 30th years of the Lease term, beginning upon the first day of the 26th year of the Lease term, LESSEE shall pay to LESSOR, for its occupancy and use of the Premises, an annual rental equal to the sum of the product of the annual rental for the 25th year of the Lease term and 115%.

Annual Rental for Seventh Five (5)-Year Period (Years 31 through 35): To be determined by an independent real property appraiser who is licensed by the State of Hawaii as a "Certified General Appraiser" whose services shall be contracted for and paid by the Department of Transportation, Harbors Division.

PERFORMANCE BOND:

Sum equal to at least one-quarter (1/4) of the then annual ground lease rental in effect

MINIMUM IMPROVEMENT REQUIREMENT:

\$1,000,000

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

This project was included in the Final Environmental Assessment for the Domestic Commercial Fishing Village located in the vicinity of Piers 36 through 38 in the Honolulu Harbor area that was published by the OEQC Bulletin in June of 1998. A Finding of No Significant Impact was determined by this final environmental assessment.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u> </u>
Registered business name confirmed:	YES <u>X</u>	NO <u> </u>
Good standing confirmed:	YES <u>X</u>	NO <u> </u>

REMARKS:

For over fifty years to present, the Applicant, a Hawaii public utility, has operated a liquefied petroleum and natural gas storage and distribution facility on fast lands in the vicinity of Piers 36 to 38 at Honolulu Harbor. The Harbors Division's development of the Domestic Commercial Fishing Village site has progressed to a point necessitating the relocation of the Applicant's storage and distribution facility from its previous site in order to accommodate the development and long-term leasing of Lots 8 and 9 of the Domestic Commercial Fishing Village.

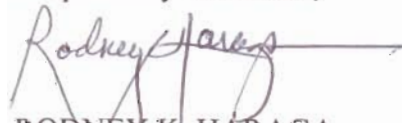
The Applicant presently uses slightly less than 14,000 square feet of the subject lease lot, including gas pipeline easement areas, for its present liquefied petroleum and gas storage and distribution operation under month-to-month Revocable Permit No. H-04-2465 ("RP-H-04-2465") issued to the Applicant. As the Applicant is requesting a construction right-of-entry covering the remainder of the subject lease lot to develop and construct its proposed storage and distribution facilities, the construction right-of-entry will cover only the remainder of the lease lot that is not covered by RP-H-04-2465.

RECOMMENDATION:

That the Board:

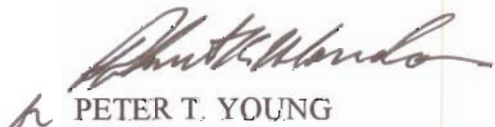
- A. Authorize the Department of Transportation to issue a direct lease to The Gas Company, LLC, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) review and approval of the Department of the Attorney General as to the lease form and content.
- B. Authorize the Department of Transportation to issue a construction right-of-entry to The Gas Company, LLC, subject to: (1) such terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (2) review and approval of the Department of the Attorney General as to the construction right-of-entry form and content.

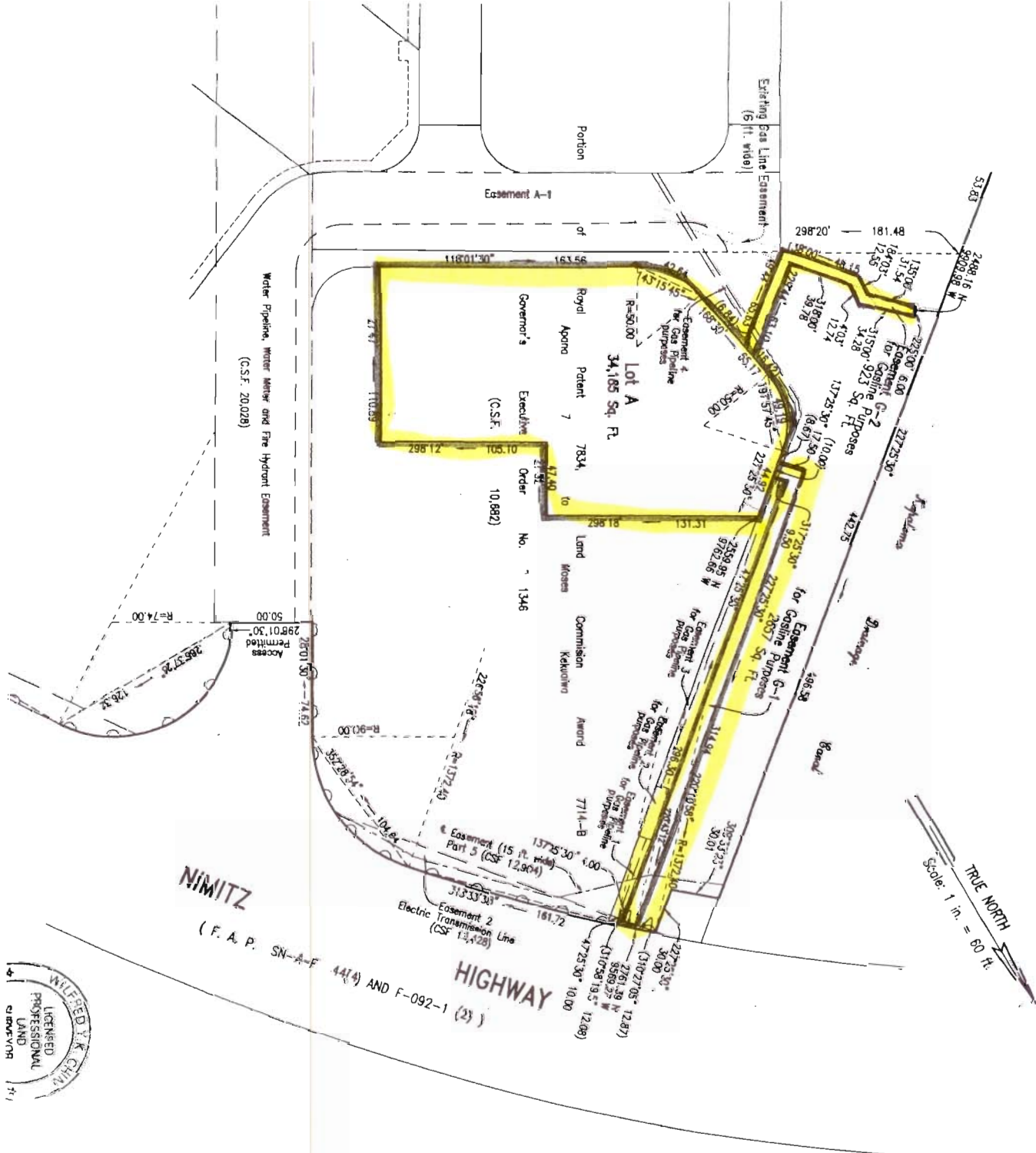
Respectfully submitted,


RODNEY K. HARAGA
Director of Transportation

Attachment

APPROVED FOR SUBMITTAL:


PETER T. YOUNG
Chairperson and Member



NIMITZ

(F. A. P. SN-A-F 44(14) AND F-092-1 (23))

HIGHWAY

MAP SHOWING

Lot A

AND EASEMENTS G-1 AND G-2

AFFECTING PORTION OF R. P. 7834, L. C. AW. 7714-B

AP. 7 TO MOSES KEKUJAWA

AND CANCELLATION OF EXISTING GAS LINE EASEMENT (6 FT. WIDE)

AT KAPALAMA AND IWILEI, HONOLULU, OAHU, HAWAII

EXHIBIT "A"

CONTROLPOINT SURVEYING, INC.

1150 SOUTH KING STREET ROOM 102

